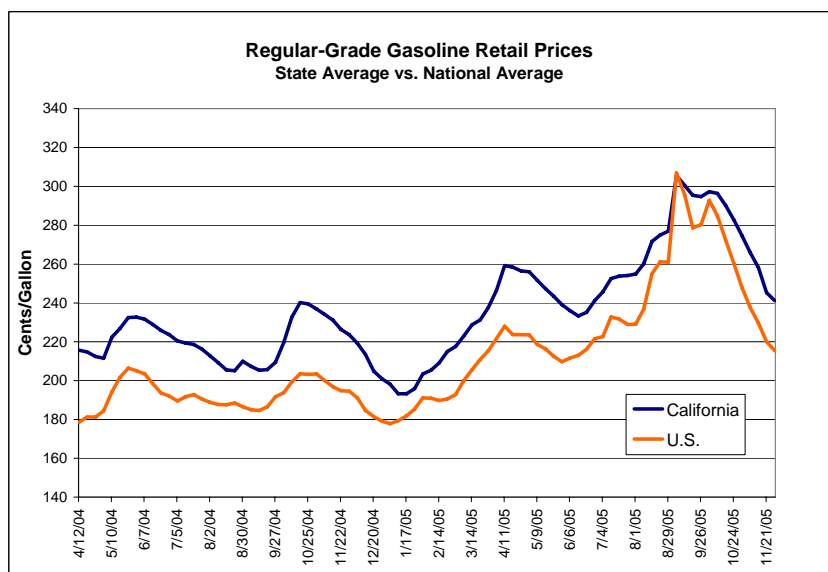
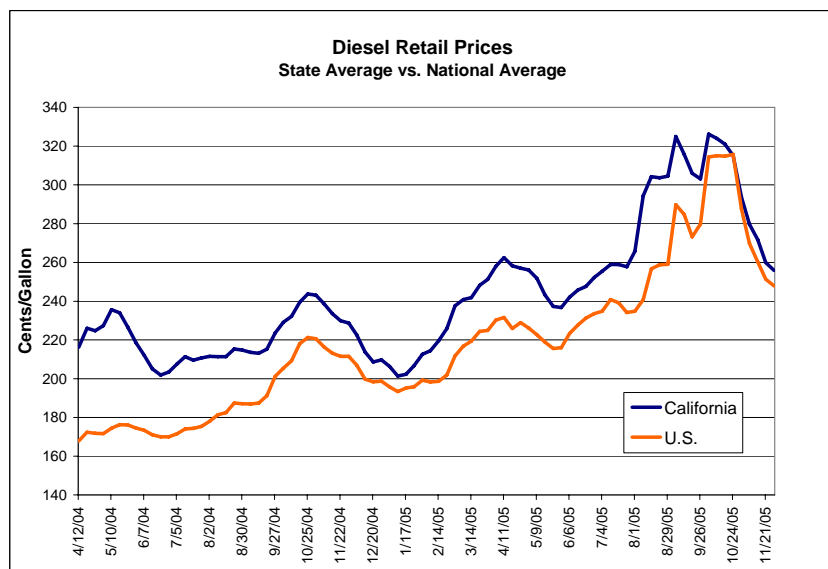


Retail Gasoline and Diesel Prices

- The average statewide retail price for regular gasoline dropped another 4 cents to \$2.41 per gallon as of November 28, after a record-breaking drop of 13 cents and 5 percent, the week before. Prices now are 65 cents less than the September 5 high price of \$3.06. The difference between U.S. and California retail prices grew slightly, rising to 26 cents from 25 cents last week.¹



- Average California retail diesel prices also continued dropping, falling 4 cents from the previous week to about \$2.56 per gallon as of November 28. The difference between average California and U.S. retail diesel prices remained relatively narrow, falling to 8 cents per gallon, almost 14 cents less than the average for 2005-to-date.

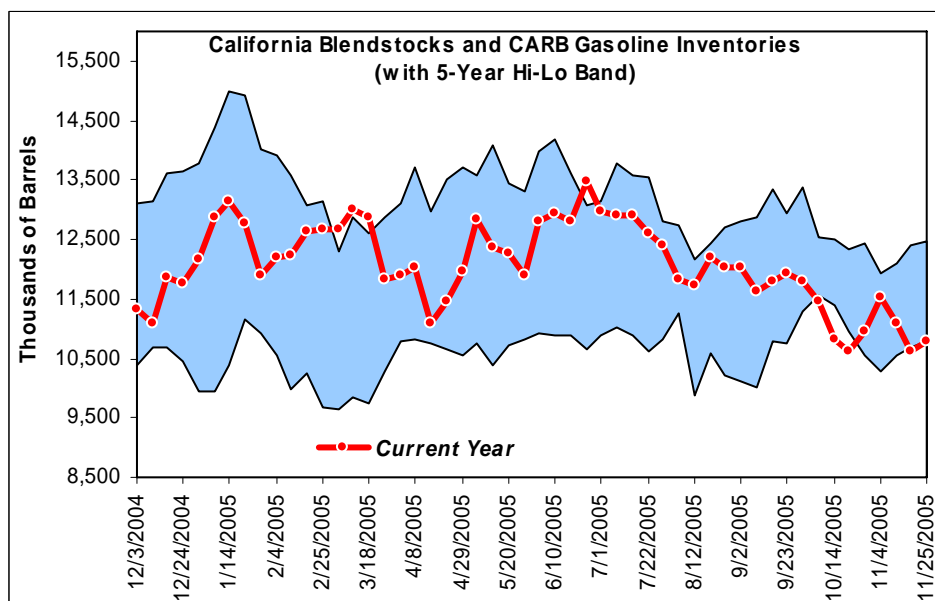
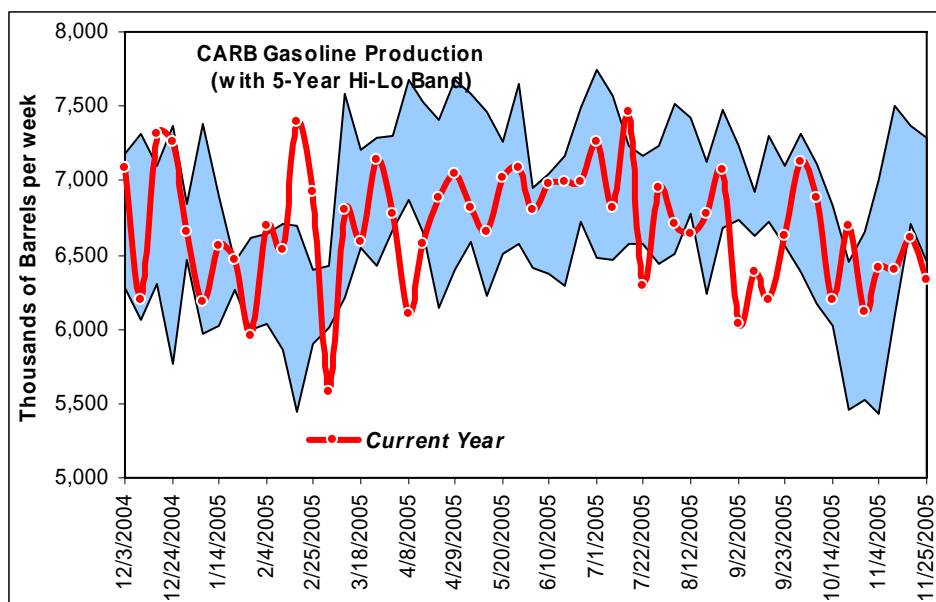


Wholesale Gasoline and Diesel Prices

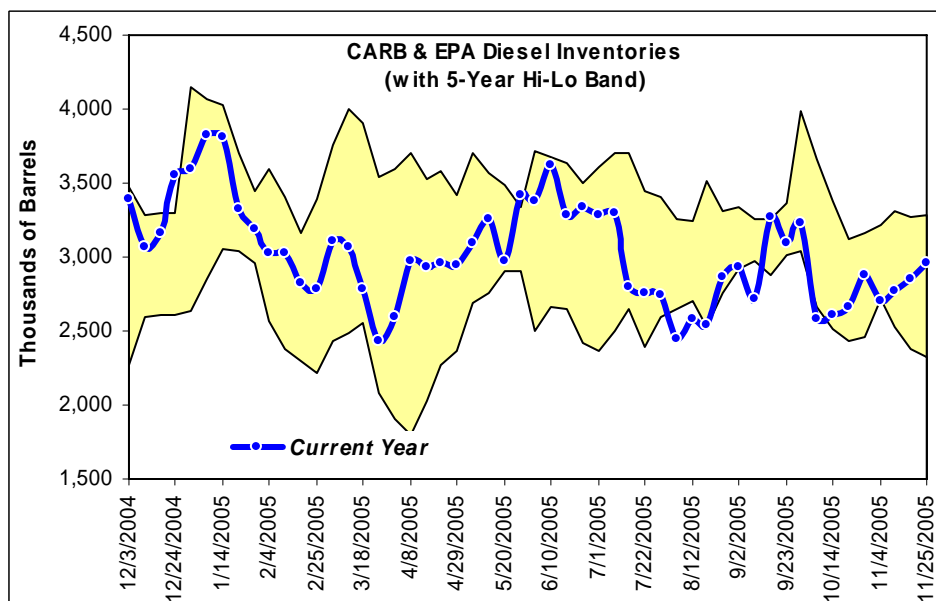
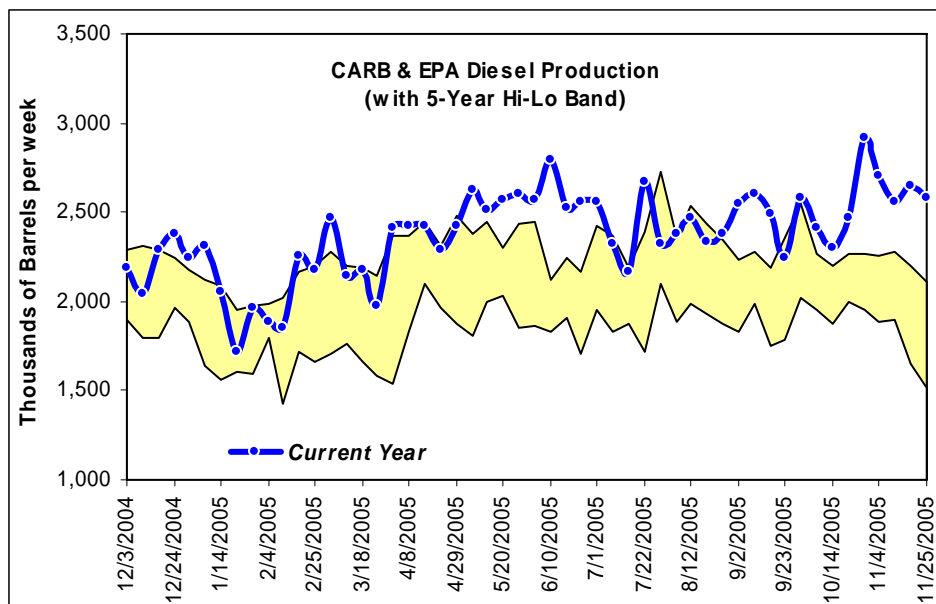
- California wholesale spot gasoline prices decreased almost 7 cents during the last week, to \$1.50 per gallon as of November 29. This roughly matches declines elsewhere in the U.S. and puts prices at 90 cents less than the post-Hurricane Rita high of \$2.40 on September 28. As of November 29, California spot prices were about 15 cents more than prices in the Gulf Coast, and 11 cents more than New York Harbor.
- The average California wholesale diesel price fell 10 cents during the last week to \$1.59 per gallon as of November 29. Diesel prices are about 79 cents less than the post-Hurricane Rita high on October 4 of \$2.38. California wholesale diesel prices are similar to prices in other regions and as of November 29 average only about 1 cent more than the Gulf Coast; they are 3 cents less than at New York Harbor. The difference between California diesel and gasoline spot prices fell slightly in the last week, with diesel narrowing to about 9 cents higher than gasoline on November 29, down from about 12 cents a week earlier.
- The Energy Information Administration (EIA) weekly assessment for November 25 shows U.S. gasoline demand up 0.7 percent from the previous week, while distillate demand declined 3.7 percent. The latest four-week average demand for gasoline is 9.178 million barrels per day, 0.2 percent higher than last year. The four-week average for U.S. distillate demand is 4.07 million barrels per day, 1.6 percent less than last year.

Refinery Production and Inventories

- Of the 16 Gulf Coast refineries shut down at the approach of Hurricane Rita, only 1 remained closed on November 28. Added to the 2 refineries still shut down from Hurricane Katrina, total refining capacity off-line as of November 28 was unchanged at 804,000 barrels per day, or nearly 5 percent of total U.S. capacity.
- Reformulated gasoline production in California during the week of November 25 declined more than 4 percent from the previous week to 6.3 million barrels. At these levels, which reflect some relatively minor unplanned refinery unit outages, production is down about 6 percent from last year, with production dropping below the low end of the five-year range.²
- California reformulated gasoline inventories were nearly unchanged from the previous week, while gasoline blendstock inventories increased almost 3 percent. Combined inventories of reformulated gasoline and gasoline blendstocks in the state remained at the lower end of the five-year range, almost 1 percent lower than last year. Meanwhile, with imports dropping precipitously to 584,000 barrels, barely half the levels of the previous week, U.S. gasoline inventories fell to 199.9 million barrels as of November 25.

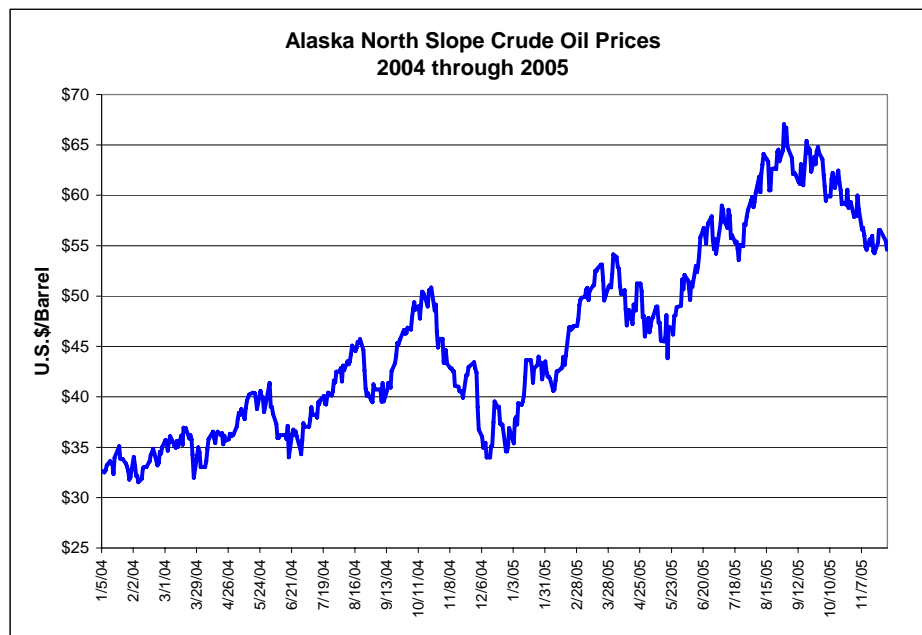


- California production of low-sulfur diesel during the week of November 25, including both California diesel and U.S. EPA diesel, declined more than 2 percent from the previous week but is still almost 23 percent more than a year ago and well above the five-year range. Combined low-sulfur diesel inventories in the state grew by 4 percent from the previous week but are almost 9 percent less than last year. U.S. distillate inventories jumped by almost 3 percent from the previous week, growing by about 3.3 million barrels to 127.9 million barrels as of November 25, primarily due to a 5 percent increase in U.S. production.



Crude Oil Prices and Inventories

- Prices on the West Coast for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, have hovered around \$55 per barrel for the last 3 weeks. As of November 29, ANS crude oil prices were \$54.60 per barrel.³



- U.S. commercial crude oil inventories dropped sharply and unexpectedly, falling to 317.6 million barrels as of November 25. This is 4.2 million barrels less than the previous week, but still 24.3 million more than last year, and 25.7 million more than the five-year average. Crude oil stocks fell on reduced crude oil imports, higher refinery utilization rates as refineries in the Gulf Coast region continue to recover from the hurricanes, and persistent oil production losses along the Gulf Coast.
- Although offshore crude oil production in the Gulf Coast is steadily returning to more normal levels, a substantial amount remains off-line. According to the Minerals Management Service, as of November 30, more than 36 percent of U.S. Gulf of Mexico offshore oil production, or about 547,000 barrels per day, remains shut down from Hurricanes Katrina, Rita, and Wilma. Almost 96 million barrels of crude oil production have cumulatively been lost to these hurricanes since late August, nearly 18 percent of annual Gulf of Mexico offshore oil production.

¹ Spot wholesale and retail gasoline and diesel prices are from the Energy Information Administration (EIA) of the U.S. Department of Energy.

² California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

³ ANS crude oil prices are from the Wall Street Journal. U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.